



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



October 8, 2013

The Honorable Board of Supervisors
County Of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**AMENDED RESPONSE TO THE LOS ANGELES COUNTY SHERIFF'S
DEPARTMENT'S AUDITOR-CONTROLLER'S REVENUE
BILLING AND COLLECTIONS REVIEW REPORT**

The Auditor-Controller (AC) has requested that the Los Angeles County Sheriff's Department (Department) amend its response dated September 30, 2013, to the Board, to accurately reflect the timeframe in which the Auditor-Controller's review of the Department's billing and collection processes were performed.

For the period covered by the audit, Fiscal Years 2009-10 and 2010-11, the Department billed approximately \$487 million and \$510 million, respectively, for the two fiscal periods covering a variety of services to governmental and public agencies. The Department is in general agreement with the report findings and has implemented or initiated corrective actions to address the recommendations in the report.

Attached is the Department's response to the AC's billing and collection review recommendations.

If there are additional questions regarding the Department's response, please contact Division Director Glen Dragovich at (323) 526-5191.

Sincerely,

LEROY D. BACA
SHERIFF

A Tradition of Service

**AUDITOR-CONTROLLER'S BILLING AND COLLECTION REVIEW OF THE
SHERIFF'S DEPARTMENT**

RECOMMENDATIONS AND SHERIFF'S DEPARTMENT RESPONSES

BILLINGS AND COLLECTIONS

INVOICE ACCURACY

RECOMMENDATION 1:

Sheriff's management ensure that Departmental Units provide the Special Accounts Unit with timely and accurate billing information.

Sheriff's Response to Recommendation 1: Agree

The Special Accounts Unit will prepare and deliver a memo to all operational unit commanders advising them of the importance of generating timely and accurate billing information for their respective Unit. The memo will suggest that units establish a quality review procedure to reduce the potential for error.

RECOMMENDATION 2:

Sheriff's management ensure staff investigate the exceptions identified, and refund overpayments and/or recover the underpayments if appropriate.

Sheriff's Response to Recommendation 2: Agree

The Special Accounts Unit is cognizant of, and agrees to routinely monitor billing rates, especially where interim rates are used until a permanent rate is developed with finalized cost information. When interim rates are used, the Special Accounts Unit makes the necessary billing adjustment on subsequent invoices, including reimbursements supplemental billings as appropriate to ensure proper cost recovery.

INVOICE TIMELINESS

RECOMMENDATION 3:

Sheriff's management ensure staff bill for services as soon as possible.

Sheriff's Response to Recommendation 3: Agree

The Special Accounts Unit will ensure that that responsible staff generates invoices within the time frame specified by the agreement terms, and pursuant to the receipt of accurate and thorough billing information from the operational unit providing the service.

PUBLIC ENTITY COLLECTIONS

RECOMMENDATION 4:

Sheriff's management ensure staff send Delinquent Account notices to public entities within 15 days after the due date.

Sheriff's Response to Recommendation 4: Agree

The Special Accounts Unit manager has stressed to responsible billing staff the importance of sending delinquent notices to public entity clients within 15 days following the original payment due date.

PRIVATE ENTITY COLLECTIONS

RECOMMENDATION 5:

Sheriff's management ensure that for all private entity delinquent accounts, staff make at least three collection attempts within 45 days after each invoice's due date, and send delinquent receivables to the Treasurer and Tax Collector 60 days after the invoice's due date.

Sheriff's Response to Recommendation 5: Agree

The Special Accounts Unit's Billing Section has developed a spreadsheet to track the number of collection attempts sent within the prescribed 45 day period after the payment due date. The spreadsheet will be used as an indicator of aging Accounts Receivable performance and serve as a monitoring tool for delinquent accounts referred for collection.

LATE PAYMENT CHARGES

RECOMMENDATION 6:

Sheriff's management enforce late payment interest penalties for past due invoices when applicable.

Sheriff's Response to Recommendation 6: Agree

The Special Accounts Unit will calculate and enforce late payment interest penalties on private and public entity clients when applicable, pursuant to contractual and policy guidelines.

DEPOSITS AND RETAINER FEES

RECOMMENDATION 7:

Sheriff's management ensure that advance deposits and retainer fees are recorded into a trust/deferred revenue account and are only posted to an earned revenue account after the revenue is earned.

Sheriff's Response to Recommendation 7: Agree

Special Accounts Unit will record all advance deposit payments for private and public entity contract services, witness fees, and attorney fee retainers into trust, and transfer the appropriate portion to revenue only after service is provided/expense is incurred and revenue is earned.

RECOMMENDATION 8:

Sheriff's management correct the accounting errors that resulted from the early recognition of revenue from advance deposits/retainer fees.

Sheriff's Response to Recommendation 8: Agree

The recording of unearned revenue will be corrected in eCAPS to the extent permitted by the system.

YEAR-END ACCOUNTING

RECOMMENDATION 9:

Sheriff's management review current year receivables and take appropriate action prior to the fiscal year-end.

Sheriff's Response to Recommendation 9: Agree

The Special Accounts Unit will continue to actively monitor the status of receivables, generate invoices as soon as practicable after receiving all pertinent billing information, and accrue receivables for which payment is expected during the subsequent fiscal year.

ECAPS SECURITY

RECOMMENDATION 10:

Sheriff's management should correct the identified issues and periodically review the Department's eCAPS user list to ensure compliance with CFM requirements.

Sheriff's Response to Recommendation 10: Agree

The Special Accounts Unit will monitor and observe the separation of eCAPS roles and responsibilities between the Cashiering & Trust and the Revenue & Billing Sections. To the greatest extent permitted by the payroll titles assigned within each section, Special Accounts will also assign eCAPS user roles in compliance with the prescribed County Fiscal procedures.

DOCUMENTATION RETENTION

RECOMMENDATION 11:

Sheriff's management ensure that staff obtain all documentation that supports write-off and/or invoice charges, and retain the documentation for at least five years.

Sheriff's Response to Recommendation 11: Agree

Special Accounts Unit will retain records on-site for up to one year, and off-site archival storage for 5 years, following the date when documentation was created.